

Document No. 501NO CHANGE in Class. ☐

CENTRAL INTELLIGENCE AGENCY

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Class. CHANGED TO: TS S C

DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1783

23 May 1949

Date: 9/1/79By: 617

INTELLIGENCE MEMORANDUM NO. 175

SUBJECT: Estimate of Soviet Objectives and Tactics at the Council
of Foreign Ministers Meeting1. Soviet Objectives.

The Soviet objective of establishing a Germany which will eventually come under Soviet domination remains unchanged. Under present conditions, however, the Kremlin may estimate that a drastic alteration of its German policy is necessary if it is to achieve any substantial progress, either immediate or eventual, in the struggle for Germany. Therefore, although there have been no specific indications of such an estimate, the USSR may be willing to make substantial concessions in the Council of Foreign Ministers to facilitate agreement on a united Germany.

In the event, however, that the Soviet Union fails to achieve an accommodation at a price it is willing to pay, it is prepared to accept the partition of Germany and to carry to completion its unilateral policy in East Germany for establishment of a satellite regime. Even in this case, however, the USSR is not likely to reimpose the Berlin blockade.

If, as appears possible, the USSR attempts to reach a settlement, its strategy will probably be aimed toward a unified "neutral" Germany which would provide a means of delaying or preventing further integration of Western Germany with the West and of obtaining some voice for the USSR in all Germany. The Kremlin may estimate that a "neutral" state would eventually turn eastward as a result of economic pressures in the search for raw materials and markets and would then be open to increasing Soviet political influence. Additional Soviet objectives in such a strategy would be: (1) to obtain the removal of US military forces from Europe, or, at least, their reduction in number; (2) to obtain relaxation of US and Western European export controls to Eastern Europe; (3) to obtain the immediate Soviet objectives in reaching agreement on Germany would be to attempt to use a unified Germany as a means to circumvent and frustrate Western export controls. The USSR would attempt to use its influence in all Germany to drain West German production from ERP and obtain increased trade and goods for itself and the satellites; and (3) to give

Note: This report has not been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force.

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substance to a "peace offensive" designed to check growing Western unity and rearmament, and forestall further measures designed to contain the USSR.

2. Strategy and Tactics in the GFM on the Assumption that Agreement Is Sought.

After attempting to secure a commitment on postponing the West German state, the USSR will probably propose a general settlement for all Germany based on a return to four-power cooperation and the Yalta and Potsdam agreements. Soviet terms initially will probably be based upon the 1948 Warsaw communique which advocated: (1) establishment of a centralized "democratic" government, (2) conclusion of a peace treaty and withdrawal of occupation troops within one year, (3) control over Ruhr production and distribution by the US, USSR, UK and France, (4) fulfillment of reparations obligations by Germany, and (5) demilitarization of Germany. The first two proposals will be emphasized in an attempt to appeal to an increasingly articulate German nationalism. At the same time the USSR will continue developing the East German state to counterbalance improvements in the Western bargaining position as the West German state progresses.

If the Kremlin is seriously seeking an agreement, it will be obliged to modify its stand on the Warsaw declaration and to make substantial concessions to the Western Powers with respect to (1) the type and composition of government; (2) economic unity; and (3) amount and method of payment of reparations.

The USSR will undoubtedly fight a rear guard action. Before actually retreating sufficiently to permit agreement, it may be expected to put forth numerous proposals that represent a modification of the established Soviet position but which will be unacceptable to the Western Powers.

3. Estimate of Position on Specific Issues.

a. Type of Government. The USSR may now be willing to accept a federal system for Germany, rather than a centralized government as previously demanded, on the calculation that favorable opportunities will still be provided for development of Communist influence on a regional basis. The USSR may first propose a federal system composed of the East and West zonal organizations with a central government in Berlin. This move would presumably be unsatisfactory to the Western Powers, since it would maintain the present Communist economic and political control in the Eastern zone. Rather than permit an early breakdown of GFM discussions, the USSR might then consent to use the West German constitution and occupation statute as a basis for negotiations for an all-German constitution. At the same time, the Kremlin would probably urge that the East zone constitution and the charter of the German Economic Commission (DNK) be given similar considerations. While the USSR will seek to avoid acceptance of Western demands for civil liberties, free elections, and the like, it may eventually accept these conditions in the belief that difficulties of enforcing Soviet adherence to

such commitments in the Eastern zone during the occupation period would be so great as to permit its subversion by Soviet and pro-Soviet German authorities.

b. Reparations and Economic Unity. The USSR may now be willing to forego reparations from current production and permit economic unification in view of the vast amounts it has already taken and the potential benefits of trade with Western Germany. An objective of current Soviet maneuvers is the relaxation of US and Western European export controls. The immediate objective in Germany would be to drain off, through unification, West German production from ERP, and to use Germany as a means of circumventing and frustrating export controls. The USSR, however, will press for retention of its properties in Eastern Germany, probably as a substitute for reparations, and will attempt to retain general economic control of Eastern Germany. The USSR may eventually modify its position in the belief that the complexity of the problem of removing Soviet influence from East German economic life will permit retention by devious means, of a considerable degree of influence and control.

c. Ruhr. The USSR will probably press for four-power control of the Ruhr, with each power retaining the right of veto. In return for the acceptance of the principle of four-power control, however, it might give up the veto power, counting on partial achievement of its objectives by exploiting Western differences. Failing to achieve this, the USSR might propose that Eastern European countries be included in the International Authority for the Ruhr.

d. Demilitarization. The USSR may revive the 1946 US proposal for a German demilitarization treaty. It may also seek revision of the prohibitions and restrictions on industry in an attempt to limit Germany's contribution to ERP and to prevent Germany's contribution to Western rearmament or its inclusion in the North Atlantic Pact at some future date. This effort will be complicated by the Soviet desire to enjoy the benefits of trade with Western Germany, and by its apparent inconsistency with a Soviet appeal to German nationalism.

e. Peace Treaty and Troop Withdrawal. The USSR will probably press for an early peace treaty to be followed by withdrawal of occupation forces within a year, but might agree to a drastic reduction of occupation forces and their removal to specified border areas of Germany.

f. Boundaries. Should the question arise, the USSR will try to obtain four-power confirmation of the Oder-Neisse line with the possible intent of later exploiting a unilateral correction in order to win favor with the Germans.